

ROYAL

AUTO GROUP
of San Francisco

THE ROYAL WAY

Sales & Finance Manager

Results, accountability, and disciplined execution.

TRAINING SESSION

Royal Auto Group of San Francisco

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The Royal Way — Sales & Finance Manager

This segment prepares Sales Managers, Used Vehicle Managers, and F&I Managers to run the store the Royal way: build a cohesive team, be best in every area, and earn loyalty by exceeding expectations and delivering world-class experiences. It blends licensed NCM Associates modules (sample dealers "NCM Motors" and "ABC Cadillac") with Royal-specific processes, live vAuto/VinSolutions reporting, and California sales & finance compliance. Lead with our core values — Integrity; Teamwork; Attention to Detail & Accountability; Continuous Improvement; Commitment to Customer Enthusiasm & Urgency; Personal Growth; and Fun — and manage to the numbers. This guide distills the core concepts, processes, metrics, and compliance rules a Sales/Finance Manager must master. Retail is detail, and later is too late.

Module 1 — Inventory Turn, Daily Holding Cost & ROI

NCM Module 7 opens with the truth that governs pre-owned profitability: "Inventory Turn is the Secret to Pre-Owned Success." Managers who master turn, holding cost, and ROI stop defending gross on aged units and start reinvesting velocity into more deals.

LEARNING OBJECTIVES

- Calculate net ROI and interpret it against the 3%–4.5% monthly target.
- Apply the 7-step Daily Holding Cost worksheet and quantify the cost of a standing car.
- Use probability-of-sale by age to drive Day 16 / 31 / 46 inventory decisions.

ROI = Annualized Net Profit (average month × 12) ÷ Total Used Inventory \$. **Target:** net ROI of 3%–4.5% of inventory value per month.

Daily Holding Cost is built from the 7-step worksheet; the sample store runs ≈ **\$56.09 per unit, per day** — every day a unit sits, that cost compounds against gross.

Aging destroys gross. A unit that nets **+\$695 at 30 days** can fall to **–\$1,925 at 120 days**. The answer is not to hold for a bigger deal — it is to sell ASAP and reinvest the capital into a fresh, faster-turning unit. Probability of sale by age makes the point objectively:

Probability of Sale by Age

- 0–30 days: 65%–70%
- 31–60 days: 20%–25%
- Over 60 days: 10%–15%

✦ Run inventory checks at **Day 16, Day 31, and Day 46** — decide to reprice, recondition-correct, or wholesale before a unit falls into the over-60 "10–15%" trap.

ON THE FLOOR

A 62-day unit is stickered to protect a \$1,400 target gross. At \$56.09/day it has already absorbed roughly \$3,500 in holding cost and sits in the 10–15% probability band. The Royal move: reprice to market today, take the retail deal at reduced gross, and reinvest the capital in a fresh unit that turns at 65–70%. Turn wins.

MY NOTES

Module 2 — Appraisals & Trades: The Royal / vAuto Standard

NCM Module 8 sets the appraisal fundamentals; Royal layers a mandated vAuto standard on top. A sound appraisal protects front and back gross, feeds fresh inventory, and keeps the store legal and consistent.

LEARNING OBJECTIVES

- Execute the sound-appraisal basics on every trade, every time.
- Apply the Royal-mandated vAuto documentation, recon-tier, and Price-to-Market standards.
- Handle a Sight-Unseen appraisal within the required stipulations.

Sound Appraisal Basics

- Verify VIN, odometer, and ownership.
- Mandatory test drive — ride with the customer.
- Detailed reconditioning estimate.
- Assign a grade; two managers sign off.
- Use 3rd-party data; required Carfax/AutoCheck plus recall checks.

Royal vAuto Standard: every appraisal requires **6 photos + customer full name & phone**. Recon tiers: Clean \$800–1,200 / Average \$1,500–2,500 / **over \$2,500 needs manager approval**. Price-to-Market: **94–97% core, 90–93% aged**.

✦ Sight-Unseen appraisal: meet photo/video requirements, apply the **30-day / 300-mile** stipulation, and quote a range versus a best/min offer — never a blind firm number.

ON THE FLOOR

A salesperson brings a trade with no photos and "the customer's in a hurry." Hold the line: no appraisal is complete without 6 photos and the customer's full name and phone. The recon estimate lands at \$2,800 — over the \$2,500 line — so it comes to you for approval before a number goes on the desk. Price the retail-grade unit at 94–97% of market; discipline here is what makes the back end possible.

MY NOTES

Module 3 — The 6 Key Trade Metrics & the Bill vs Tina Case Study

Trades are where average managers protect front gross and great managers grow total store profit. Measure the whole picture — front, back, wholesale, and retailed-trade contribution — not just the number on the appraisal sheet.

LEARNING OBJECTIVES

- Define and monitor the 6 Key Trade Metrics.
- Explain why total store impact beats front gross using the Bill vs Tina case.
- Coach appraisers toward retailing more of their own trades.

6 Key Trade Metrics

- Trade-in ratio
- Retail-vs-wholesale %
- Look-to-book by person
- Recon estimate accuracy
- Wholesale P&L
- Total store profit per retailed trade

Bill vs Tina: Tina was "soft" on values but retailed **75% of her trades** and produced more total GP — **\$200,100 vs Bill's \$180,660**. Measure total store impact, not just front gross.

MANAGER NOTE

"Being tough on the appraisal feels like winning, but the store scoreboard is total gross. If softening a number by a few hundred lets us retail the trade instead of wholesaling it, that's a bigger deal for the store — and a bigger paycheck for the team."

ON THE FLOOR

Review the Appraiser Performance card at month-end. An appraiser with a low look-to-book and a high wholesale rate is leaving retailed-trade profit on the table. Coach to Tina's model: value the car to keep it, retail it, and let front + back + retailed-trade contribution add up to more total store GP.

MY NOTES

Module 4 — Accountability, DIT & the Sales Team Constitution

The Royal Way is an accountability culture. Structure, expectations, and inspection turn talent into consistent results — "Later is too late. Time is money! Do not waste either!"

LEARNING OBJECTIVES

- Apply the 6-component accountability model to your team.
- Run a written daily one-on-one using the DIT ("Did It Today") sheet in under 15 minutes.
- Enforce the Sales Team Constitution, including the management T.O. requirement.

Six Components of Accountability

- Plan your work & work your plan.
- Clearly define & communicate expectations.
- Measure what you intend to manage.
- Inspect what you expect.
- Respond appropriately — reward & redirect.
- Develop a systemic structure.

DIT sheet: a written daily one-on-one, co-designed by associate + manager, completed in **<15 minutes**. Daily Activity Worksheet mantra: **"25 calls, 20 texts, 2 appointments, 1 car sold."**

✦ The Sales Team Constitution — **24 Articles + 2 Amendments** — governs the floor: management does a **T.O. on every customer, including be-backs**; deals are **100% the salesperson's responsibility**; and insurance is confirmed before delivery.

ON THE FLOOR

An associate missed appointments three days running. Don't wait for the monthly review — pull the DIT sheet at the daily 15-minute session, inspect against the "25 calls, 20 texts, 2 appointments" standard, redirect on the specific gap, and reset tomorrow's plan together. Inspect what you expect, every day.

MY NOTES

Module 5 — Look-to-Book, Reports & Score Cards

Royal manages from live vAuto and VinSolutions/Enterprise data. Look-to-book is the front-door trade metric; the score cards tell you who is executing and who needs redirecting.

LEARNING OBJECTIVES

- Manage look-to-book to the store standard and coach by person.
- Read the core vAuto and VinSolutions score cards and act on them daily.
- Run the daily 15-minute showroom training rhythm.

Look-to-Book target $\geq 50\%$, and roughly $\frac{1}{3}$ of opportunities should reach appraisal.
Track look-to-book by person, not just store-wide.

Reports & Score Cards

- vAuto: Look-to-Book, Appraiser Performance, Missed Appraisals (24h / 7d), Inventory.
- VinSolutions / Enterprise: activity (calls / texts / emails), Closing Ratio, Response Time.
- Daily Activity Worksheet: "25 calls, 20 texts, 2 appointments, 1 car sold."

✦ Cadence tools: daily 15-minute showroom training, the 8-Week Manager Training Schedule, and the GSM DIT sheet keep the whole team on the same standard.

ON THE FLOOR

The Missed Appraisals (24h) report shows two opportunities that never got an appraisal. That is look-to-book bleeding out the front door. Address it in this morning's 15-minute huddle: every up with a trade gets appraised, and the store holds the $\geq 50\%$ look-to-book line.

MY NOTES

Module 6 — California Sales & Finance Compliance (F&I Essentials)

"Retail is detail." A Royal F&I Manager protects the store and the customer by getting every fee, disclosure, and document right — California specifics matter, and a manager checklist runs on every deal.

LEARNING OBJECTIVES

- Apply the current California fee and smog rules to a deal.
- Stay inside the interest-rate markup caps and cash-reporting rules.
- Complete the Deal File Document Checklist and out-of-state requirements.

California Fees & Rules (For 2024)

- Tire fee: **\$1.75 per NEW tire — new cars only, none on used.**
- Smog: 4-model-year exemption for CA-registered; \$50 + \$8.25 out-of-state; \$8 exemption fee.
- Rate markup caps: **2.5% on contracts ≤60 months, 2% on contracts >60 months.**
- Single-document rule; negative equity on line 1G; NMVITIS + Carfax on all used deals.

IRS Form 8300 is required for cash **≥ \$10,000**. Out-of-state deals: CDTFA 447 (signed Bill of Lading) / 448 (notarized w/ receipts); One-Trip Permit adds \$33 + CA sales tax; 3–6 week registration timeline.

♦ Every deal gets the Deal File Document Checklist and a Manager checklist — no exceptions. Retail is detail.

ON THE FLOOR

A 72-month contract comes to you with a 3% rate markup and \$11,000 cash down. Two red flags: the markup exceeds the 2% cap for contracts over 60 months, and the cash triggers IRS Form 8300. Correct the markup to 2% or less, file the 8300, confirm negative equity is on line 1G, and verify NMVITIS + Carfax before the deal is delivered.

MY NOTES

Apply It

Practice the concepts from this session.

Exercise 1: Cost of a Standing Car (Holding-Cost Calc)

A used unit has sat in inventory for 40 days. Using the sample Daily Holding Cost of \$56.09 per unit, per day, calculate the total holding cost absorbed to date. Then state which probability-of-sale band this unit now sits in, and which inventory-check day (16 / 31 / 46) it has already passed. Show your math.

Exercise 2: ROI Against Target

Your used department averages \$18,000 net profit per month and carries \$520,000 in total used inventory. Calculate the annualized net profit, then the net ROI as a monthly percentage of inventory value (Annualized Net Profit ÷ Total Used Inventory \$, expressed per month). Is the store inside the 3%–4.5% target? What action would you take based on the result?

Exercise 3: Total Store Impact — Bill vs Tina

Explain, in your own words, why Tina (\$200,100 total GP, retailed 75% of her trades) outperformed Bill (\$180,660 total GP) even though she was "soft" on values. List which of the 6 Key Trade Metrics best reveal this difference, and how you would coach an appraiser who is high on wholesale and low on look-to-book.

Exercise 4: Appraisal Standard Audit

A salesperson submits a trade appraisal with 3 photos, no customer phone number, and a \$2,800 recon estimate. List every Royal vAuto standard that is not met, state what must happen before a number goes on the desk, and give the correct Price-to-Market range if this becomes a core retail unit.

Exercise 5: F&I Compliance Check

A deal arrives: a used vehicle, a 66-month retail installment contract with a 2.4% rate markup, \$10,500 in cash down, and negative equity from the trade. Identify each compliance issue (rate markup cap, cash reporting, negative equity placement, required used-deal checks) and state the correct handling for each. Note: is a tire fee charged on this deal? Why or why not?

Role-Play: The Daily DIT Accountability One-on-One

Run a written daily one-on-one using the DIT ("Did It Today") sheet in under 15 minutes. The associate has missed the "25 calls, 20 texts, 2 appointments" standard two days in a row. Inspect what you expect, redirect on the specific gap, and co-design tomorrow's plan.

- Role A — Sales Manager: Open with the plan, review the DIT sheet, measure against the standard, respond with reward + redirect, and lock tomorrow's numbers. Keep it under 15 minutes.
- Role B — Sales Associate: Explain the shortfall, commit to specific corrective activity, and co-own the next day's plan.

Knowledge Check — 10 Questions

Answer all ten questions below. These are the same questions you will complete on the online quiz.

Q1. What is the store's target net ROI, expressed as a monthly percentage of inventory value?

- A. 1%–2%
- B. 3%–4.5%
- C. 5%–6.5%
- D. 8%–10%
- E. 12%–15%

Q2. In the profile's sample worksheet, what is the approximate Daily Holding Cost per unit, per day?

- A. \$18.09
- B. \$36.50
- C. \$56.09
- D. \$74.25
- E. \$95.00

Q3. A unit has been in inventory 70 days. What is its probability of sale?

- A. 10%–15%
- B. 20%–25%
- C. 40%–45%
- D. 55%–60%
- E. 65%–70%

Q4. Under the Sales Team Constitution, which is required on every customer?

- A. A signed buyer's order before test drive
- B. A second test drive with the manager
- C. A wholesale appraisal on any trade
- D. A management T.O., including be-backs
- E. A finance pre-approval before numbers

Q5. What is the minimum look-to-book standard?

- A. 25%
- B. 50%
- C. 65%
- D. 75%
- E. 90%

Q6. Under the Royal vAuto standard, what must every appraisal include?

- A. 3 photos and a VIN only
- B. A notarized bill of sale
- C. Two manager grades and a wholesale bid
- D. A Carfax and nothing more
- E. 6 photos plus customer full name & phone

Q7. What is the Price-to-Market range for core (non-aged) inventory?

- A. 85%–89%
- B. 90%–93%
- C. 94%–97%
- D. 98%–100%
- E. 100%–103%

Q8. In the Bill vs Tina case study, why did Tina produce more total GP (\$200,100 vs \$180,660)?

- A. She retailed 75% of her trades rather than wholesaling them
- B. She was tougher on trade values than Bill
- C. She sold more new cars than Bill
- D. She carried a smaller inventory with faster turn
- E. She charged higher F&I product margins

Q9. On which deals is the \$1.75 California tire fee charged?

- A. All deals, new and used
- B. Used deals only
- C. Only out-of-state deals
- D. New cars only — per new tire
- E. Only lease deals

Q10. At what cash threshold must the store file IRS Form 8300?

- A. Cash $\geq$ \$5,000
- B. Cash $\geq$ \$10,000
- C. Cash $\geq$ \$15,000
- D. Cash $\geq$ \$20,000
- E. Any cash payment